

Chapter 4: Application Process

This chapter describes the process by which project sponsors will apply for TIFIA credit assistance. Prior to beginning the process, DOT staff (see the points of contact identified in Chapter 1) welcomes informal consultations with prospective applicants.

Section 4-1

Solicitation for Applications

As announced in the Notice of Funding Availability (NOFA) published May 18, 2001 in the Federal Register (66 FR 27747), project sponsors may apply for TIFIA assistance at any time if their projects have met the program's threshold requirements. (Previously, the DOT accepted letters of interest and applications by fixed dates each year.) Under this type of rolling application process, potential applicants can better time their TIFIA submissions with their project development activities. At least once per year, the DOT will publish in the Federal Register a NOFA advising potential applicants of the estimated amount of funding currently available for TIFIA credit instruments, as well as any changes to the application process or fee structure described below. These notices (as well as other program information) also will be posted on the TIFIA web site, located at <http://tifa.fhwa.dot.gov>.

Section 4-2

Initial Submission: Letter of Interest

To begin the application process, prospective applicants first should submit to the DOT a detailed letter of interest (not to exceed 10 pages). This letter serves three purposes. First, it familiarizes the DOT with basic information relating to the project and the sponsor. Second, it permits the DOT and the sponsor to ensure that the project meets the most basic eligibility requirements for participation. Third, it allows the DOT to designate an appropriate evaluation team for the project.

Components

The letter of interest should contain a description of the project, information about proposed financing for the project, background on the project sponsor, a discussion of the benefits of the proposed project and its use of TIFIA assistance, and a summary of the project's status in the environmental review process.

- Project Description. The prospective applicant should include a description of the project, including its purpose, design features, estimated capital cost, and development schedule.
- Proposed Financing. The prospective applicant should outline the proposed sources and uses of funds for the project, including the type and amount of credit assistance to be sought from the DOT. The discussion of proposed financing should also identify the source(s) of revenue or other security that would be pledged to the TIFIA credit instrument.

- Proposed Participants. The prospective applicant should describe its organizational structure, other significant members of the project team, and its relationship to subsidiaries or affiliates, if any.
- Benefits. The prospective applicant should include an assessment of the benefit(s) achieved through the use of a TIFIA credit instrument.
- Environmental Review. The prospective applicant should summarize the status of the project's environmental review. Specifically, the applicant should discuss whether the project has received a Categorical Exclusion, Finding of No Significant Impact, or Record of Decision, or at a minimum, whether a draft Environmental Impact Statement has been circulated.

For the purposes of the letter of interest and the subsequent application, the applicant should propose a single financing structure representing the most likely scenario. Any type of TIFIA credit assistance – direct loan, loan guarantee, and standby line of credit – may be combined, provided that the total amount of TIFIA assistance does not exceed 33 percent of eligible project costs. The DOT may ask applicants to develop alternative scenarios, as necessary.

DOT Review

On the basis of the letter of interest, the DOT will determine whether the project meets the basic eligibility requirements for participation in the TIFIA program. For most projects, the DOT will use an evaluation team drawn from organizations throughout the Department (e.g., FHWA, FRA, and FTA). A representative from the evaluation team will notify the applicant of its eligibility to submit an application. This person will serve as the DOT's principal point of contact throughout the application process.

Section 4-3

Application

Upon receiving the DOT's notification that the project meets the basic eligibility criteria, the project sponsor may submit an application. A copy of the application for TIFIA credit assistance appears in Appendix D of this program guide and is also available on the TIFIA web site.

Components

The TIFIA application is divided into six sections, as follows:

- Section A. Information on where and how to contact the applicant.
- Section B. Background information on the project, including a description of the project, the form of TIFIA credit assistance requested, cost estimates and requested credit assistance amount(s), a project schedule, information on required approvals and permits, a project management and compliance monitoring plan, and a description of project operations and maintenance.

- Section C. A narrative in which the applicant explains the extent to which the proposed project satisfies each of the eight TIFIA selection criteria (see Chapter 5 of this program guide).
- Section D. A detailed plan of finance, including estimated project costs and activity breakdowns, sources and uses of funds descriptions, cash flow pro forma, supplementary narratives on borrowed funds and revenue sources, proposed terms for the requested TIFIA credit instrument, and risk and mitigation strategies. The applicant also must provide the DOT with executable electronic copies of all materials in this section as well as the Exhibit VII cash flow pro forma (i.e., files cannot be “values” or PDF files, and all spreadsheet (Excel) documents should be operational).
- Section E. Information on the applicant’s organizational structure, experience, and its legal authority to carry out the activities described in the application.
- Section F. Certifications of compliance with TIFIA statutory requirements and other requirements common to all federal credit programs.

The application form also requires applicants to submit 12 supplementary exhibits. These exhibits include such items as a map of the project, the required preliminary rating opinion letter, revenue and cost projections, cash flow pro forma, supporting documentation regarding the applicant’s legal status, and an organizational chart.

Application Fee and Other Program Fees

The DOT currently requires three different fees from TIFIA participants: (1) a non-refundable application fee, (2) a credit processing fee for projects selected to receive assistance, and (3) an annual servicing fee for each credit instrument approved. The DOT will announce the types and amounts of program fees applicable to potential applicants in each year’s NOFA.

Any application, credit processing, or other program fee must be paid by the project sponsor applying for TIFIA assistance, and cannot be paid by another party on behalf of the project sponsor. These fees and associated expenses (such as rating agency fees for obtaining the required preliminary rating opinion letter) will not be considered when determining eligible project costs for the purpose of calculating the maximum 33 percent.

The DOT will charge each borrower a credit processing fee equal to a portion of the costs incurred by the DOT in negotiating credit agreements. The term sheet for each project will require the borrower to pay at closing, or, in the event no credit agreement is consummated, upon invoicing by the DOT, an amount equal to the actual costs incurred by the DOT in procuring the assistance of financial advisors and outside legal counsel through execution of the credit agreement(s) and satisfaction of all funding requirements of those agreements.

The servicing fee is set according to the DOT’s out-of-pocket costs to administer the credit instruments, including accounting, collections, document maintenance, and financial reporting.

If, in any given year, the DOT has insufficient budget authority to fund a selected project, the DOT and the approved applicant may agree upon a supplemental fee – paid by or on behalf of the approved applicant upon execution of the term sheet – to reduce the DOT’s subsidy cost for the project. Regardless of such a supplemental fee, however, the DOT will be bound in any year by the authorized credit amount limit.

Multi-Sponsor Projects

An application for a project located in or sponsored by more than one state or other entity must be submitted to the DOT by a single state or entity. Multiple-party sponsors need to designate a single obligor for purposes of applying for, receiving, and repaying TIFIA credit assistance.